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CENTRAL INTELLIGENCE AGENCY

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COUNTRY Czechoslovakia

REPORT

SUBJECT	1. Economic Difficulties: Deliveries DATE DISTR.	28 October 1955
	to the USSR; Shortcomings at Vagonka Tatra Smichov National Enterprise, Prague. NO. OF PAGES	2
	2. Personnel of Ferromet	

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PLACE ACQUIRED	REFERENCES
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DATE ACQUIRED		This is UNEVALUATED
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SOURCE EVALUATIONS ARE DEFINITIVE. INFORMATIONAL OF CONTENT IS TENTATIVE.

1. orders placed by the Soviet Union in Czechoslovakia are always disadvantageous for the Czech economy
- a. The prices imposed by the Russians are generally so low that the sale of goods to them is unprofitable or, at best, marginal.
- b. The Czechs sent to Moscow to arrange commercial transactions are usually inexperienced businessmen who are completely overawed by their Soviet counterparts, and they readily consent to harsh terms, such as short delivery time with high penalties for noncompliance.
- c. The terms agreed upon are so unfavorable to Czechoslovakia that non-compliance is the rule rather than the exception, with the result that the penalty clauses operate against the vendor, leaving him great losses or no profit.
- d. The Russians generally send large delegations to Czechoslovakia to receive the merchandise at the Czech factories, ports, or warehouses, and these delegates are considered a plague, since they must be completely supported by the Czech enterprise involved, and they seize upon every pretext to prolong their stay.

2.

3. the Vagonka Tatra Smichov National Enterprise in
Prague-Smichov produces railroad rolling stock,
it has become one of the
least efficient plants in the country. Since the plant is unable to meet
the unrealistic quotas assigned it, the question arises each month whether

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the personnel will be paid. In June 1955 the employees were told that they did not deserve to be compensated but an exception was being made for that month only. Compensation for the month of July was in doubt. The plant now employs 900 people, which is three times as many as were employed prior to nationalization.

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